

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6637

BILL NUMBER: HB 1079

NOTE PREPARED: Dec 29, 2011

BILL AMENDED:

SUBJECT: Madison County Food and Beverage Tax.

FIRST AUTHOR: Rep. Lutz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Distribution of Food and Beverage Tax-* The bill changes the distribution of the Madison County food and beverage tax from 70% going to Anderson and 30% to the county to 50% for each.

Population Parameter Adjustment- The bill adjusts population parameters to reflect the population count determined under the 2010 decennial census for Anderson.

Effective Date: January 1, 2013.

Explanation of State Expenditures: There would be some minimal administrative time to adjust the distribution of Food and Beverage taxes to the Madison County entities.

Explanation of State Revenues:

Explanation of Local Expenditures:

Background Information on City/County Food and Beverage Tax Expenditures- Currently, revenue from the Madison County food and beverage tax is used by both the city of Anderson and Madison County for economic development projects.

Explanation of Local Revenues: *Distribution of Food and Beverage Tax-* The bill would not change the tax rate, which is currently 1%, but would change the distribution of the tax. Essentially, 20% of the Food and Beverage tax revenue would switch from the city of Anderson to Madison County. Over the past six years, 20% of the county's food and beverage tax collections has averaged about \$326,700. The following

table presents an estimate for state FY 2013 through FY 2015.

Estimates of 20% of Madison County Food and Beverage Tax Revenue (SFY 2013 - SFY 2015)			
	SFY 2013*	SFY 2014	SFY 2015
Estimate Revenue	\$177,200	\$371,100	\$389,100
* Given the effective date of the bill, the 50% City-50% County allocation split would be for half of state FY 2013.			

Notes on Estimate Methodology- The estimates were generated using the FY 2011 revenue total from the Madison County Food and Beverage Tax as the base year. The FY 2011 base of \$1.67 M was grown by the Madison County personal income percent growth estimates to arrive at an estimate for FY 2013, FY 2014, and FY 2015. The personal income percent growth rates are from IHS Global Insight.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: City of Anderson; Madison County.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations* (FY 2006 - FY 2011); IHS Global Insight, Fall 2011 Indiana County Forecast.

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